Market 
Situation and Outlook

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Market Drivers

• Feedgrains
  – Stocks to use ratio
  – 2012 U.S. acreage, yield, and production

• Soybeans
  – Heat impacts during pod setting stage

• Cattle
  – Drought
  – High input costs
U.S. Corn Balance Sheet (Year Beg. Sept. 1)

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<thead>
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<td>1708</td>
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<tr>
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<td>8</td>
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<tr>
<td>Total Supply</td>
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<td>13729</td>
<td>14774</td>
<td>14182</td>
<td>13511</td>
<td>11875</td>
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<table>
<thead>
<tr>
<th>Demand</th>
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<tr>
<td>Food/Seed/Ind.</td>
<td>4,387</td>
<td>5,025</td>
<td>5,961</td>
<td>6,428</td>
<td>6,390</td>
<td>5,850</td>
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<tr>
<td>Feed &amp; Resid.</td>
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<td>5,182</td>
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<td>1,980</td>
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<td>1,550</td>
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<td>Total Demand</td>
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<td>13055</td>
<td>12490</td>
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| Ending Stocks    | 1,624   | 1673    | 1708    | 1128      | 1021      | 650            | 565          |
| Stocks to Use Ratio | 12.8 | 13.9   | 13.1    | 8.6       | 8.2       | 5.8            | 5.2          |
| Avg. Farm Price  | 4.20    | 4.06    | 3.55    | 5.18      | 6.25      | 7.50-8.90      | 8            |
U.S. Corn Acres

Million Acres

- Acres Planted
- Acres Harvested

Year: 1990/91 to 2012/13

- Acres Planted: 84.0, 85.5, 90.0, 95.0, 100.0
- Acres Harvested: 84.0, 91.9, 96.4
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.
U.S. Corn Supply and Use

- 2012 U.S. Corn Production expected to be 10.8 bil. Bu.
  - Down from 13 in July
- Rationing of Use
  - Ethanol – down 400 million bu.
  - Livestock Feed – down 725 million bu.
  - Exports – down 300 mil. Bu from July
- Tight Ending Stocks
  - 2011/2012 2nd lowest (21 day supply)
- High Corn Prices
  - WASDE 2011/2012 estimated at $6.25 and 12/13 between $7.50 - $8.90
  - Industry 2012/2013 projected price $7.40 - $8.75
Corn Marketing

- These high prices will likely not be here in October.
- Seasonal pattern is typical of a peak in June and decrease to November.
- Can hedge those bushels insured with crop insurance with a short hedge.
- Likely no longer see continued price spikes – changes will come from demand rationing.
Soybeans

- August is important month for yield determination
- Crop is about 2 weeks ahead of normal production
- Bullish WASDE report
- Good weather
### U.S. Soybean Balance Sheet (Year Beg. Sept. 1)

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<tbody>
<tr>
<td>Beg. Stocks</td>
<td>449</td>
<td>574</td>
<td>205</td>
<td>138</td>
<td>151</td>
<td>215</td>
<td>145</td>
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<td>Production</td>
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<td>2677</td>
<td>2967</td>
<td>3359</td>
<td>3329</td>
<td>3056</td>
<td>2692</td>
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<td>Acres Planted</td>
<td>75.5</td>
<td>64.7</td>
<td>75.7</td>
<td>77.5</td>
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<tr>
<td>Acres Harvested</td>
<td>74.6</td>
<td>64.1</td>
<td>74.7</td>
<td>76.4</td>
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<td>Yield</td>
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<td>41.7</td>
<td>39.7</td>
<td>43.5</td>
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<tr>
<td>Imports</td>
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<td>13</td>
<td>15</td>
<td>14</td>
<td>15</td>
<td>20</td>
</tr>
<tr>
<td>Total Supply</td>
<td>3647</td>
<td>3261</td>
<td>3185</td>
<td>3512</td>
<td>3495</td>
<td>3286</td>
<td>2857</td>
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</tbody>
</table>

### Demand

| Crush            | 1,806   | 1803    | 1662    | 1752    | 1648    | 1690    | 1515    |
| Exports          | 1,118   | 1159    | 1279    | 1499    | 1501    | 1350    | 1110    |
| F/S/R            | 148     | 93      | 106     | 110     | 130     | 101     | 116     |
| Total Demand     | 3,073   | 3056    | 3047    | 3361    | 3280    | 3141    | 2742    |

| Ending Stocks    | 574     | 205     | 138     | 151     | 215     | 145     | 115     |
| Stocks to Use Ratio | 18.7   | 6.7     | 4.5     | 4.5     | 6.6     | 4.6     | 4.2     |

U.S. Soybean Yield
Pod Setting Stage

- Week ending August 12, 2012
  - 83% for US
  - 81% for WI
- Week ending August 12, 2011
  - 64% for US
  - 69% for WI
- 2007-2011 Average
  - 70% for US
  - 67% for WI
US Soybean Condition
week ending 8/12/12

- Very Poor: 26%
- Poor: 4%
- Fair: 16%
- Good: 32%
- Excellent: 22%

US Soybean Condition
week ending 8/14/11

- Very Poor: 13%
- Poor: 4%
- Fair: 9%
- Good: 48%
- Excellent: 26%

WI Soybean Condition
week ending 8/12/12

- Very Poor: 9%
- Poor: 18%
- Fair: 32%
- Good: 32%
- Excellent: 9%

WI Soybean Condition
week ending 8/14/11

- Very Poor: 1%
- Poor: 28%
- Fair: 14%
- Good: 54%
- Excellent: 3%
Soybean Summary

- Volatility will continue to be high – weather will be large price mover
- Demand will remain strong – speculation of more beans going to China
- Corn will likely have sympathy movement with soybean drives in the next few weeks
Cattle

• Cattle Supply
  – Slaughter and inventory
  – Weights and production
  – Feed grains
  – Recent prices and returns
- Down 2.2% from July 2011 to 97.8 million head
- Lowest since before 1973
• Down 2.3% to 34.5 million
• Smallest since 1949
• Beef cows that have calved 2.9% smaller than 2011 - Dairy cows are unchanged from 2011
• Beef cow replacement heifers same as July 2011 – dairy replacement heifers down 2.4%
• Cattle on Feed up 0.8% for 1000+ capacity feedyards
  – Down 10% for smaller feedyards
• Feeder cattle supply down 2.2%
• Slaughter will be about 2.5% lower than 2011
  – Lower again in 2013
• Weights will be up about 1.9 lbs.
• Beef production will be down 1.4%
ESTIMATED AVERAGE COW CALF RETURNS

Returns Over Cash Cost (Includes Pasture Rent), Annual

[Bar chart showing estimated average cow calf returns over cash cost from 1984 to 2012. The x-axis represents years from 1984 to 2012, and the y-axis represents returns per cow in dollars. The chart displays variability in returns with some years showing positive returns and others showing negative returns.]

[Logo: UW Extension]
AVERAGE RETURNS TO CATTLE FEEDERS
Feeding 725 Lb. Steers, S. Plains, Annual

$ Per Head

1983 1985 1987 1989 1991 1993 1995 1997 1999 2001 2003 2005 2007 2009 2011
Cattle Summary

• High feed costs have eroded returns for cow/calf producers
• Feedyards are in red
• Lower supplies of cattle
• High prices for 2012
  – $122-124 for 4\textsuperscript{th} quarter 2012 (up 1%)
  – S.Plains Calf prices $140-145 (down 8%)